



# U.S. General Services Administration

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"Building a Better VA: Assessing Ongoing Major Construction  
Management Problems within the Department

Committee on the Veterans' Affairs  
Subcommittee on Oversight and Investigations  
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## **Introduction**

I would like to thank Chairman Miller and Ranking Member Brown for the opportunity to provide a statement on behalf of the U.S. General Services Administration (GSA) for this hearing before the House Committee on Veterans' Affairs on construction management practices at the Department of Veterans Affairs (VA).

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. To meet this mission, GSA is working with agencies to reduce their space requirements, effectively managing GSA's real property inventory, while pursuing innovative real property proposals that will increase space utilization, reduce costs, and deliver better space to federal agencies.

GSA's Public Buildings Service (PBS) provides effective, mobile, sustainable workplace solutions for federal agencies at the best value for the American people. PBS is one of the largest and most diversified public real estate organizations in the world. GSA's inventory consists of more than 8,700 assets with more than 376 million rentable square feet of space. GSA's portfolio of public buildings consists primarily of office buildings, courthouses and land ports of entry. Five entities – the Departments of Homeland Security, Justice and Treasury, Social Security Administration, and Judiciary occupy more than 53 percent of that space.

For its part the VA has independent land-holding authorities, and manages a significant portion of its own real property inventory. It occupies approximately 7.8 million square feet of GSA-managed space, which amounts to about 2 percent of GSA's total inventory. While GSA has helped deliver VA building projects in the past, GSA does not have a role in VA's current construction program. However, GSA is working with VA to delegate GSA's leasing authority, under Title 40 of the U.S. Code, on a project-by-project basis to VA.

## **Investment in GSA's nationwide real property inventory**

GSA's construction program delivers critical investments for the country and federal agencies. GSA prioritizes new construction and major repair projects by identifying imperative requirements such as mission-critical border and homeland security projects, projects that alleviate life and safety issues, and those that improve the condition of government-owned assets to provide long-term returns to the taxpayer.

When one of GSA's partner agencies has an emergent, long-term requirement for office space, GSA first seeks to meet the need by fully utilizing federally owned space. Under this Administration's direction to federal agencies to freeze the federal real estate footprint, GSA's first priority is maximizing the utilization of existing assets. When a space solution does not exist in the federal real estate portfolio, GSA will meet agency space needs by constructing or leasing new space. GSA constructs new facilities that have a special purpose that are not readily available in the real estate market, such as courthouses and land ports of entry.

Over the past several years, GSA prioritized significant homeland security investments for new construction projects. For example, GSA is working on the consolidation of the Department of Homeland Security (DHS) at St. Elizabeths in Washington D.C., where GSA is helping DHS consolidate from more than 50 locations across the National Capital Region into one central location. GSA has also requested more than \$1 billion over the past five years for essential investments at land ports of entry (LPOEs). While most of this funding was not provided, GSA is working on LPOE projects that were funded in both Fiscal Year 2014 and 2015. GSA works closely with DHS-Customs & Border Protection to identify the most urgent investment needs along the border.

Similarly, GSA works closely with the Judiciary to prioritize the construction of new Federal courthouses. The Judiciary developed long-range facilities planning practices to identify its most pressing space and security needs. When Congress appropriates money for these projects, GSA pursues design solutions that maximize the positive civic impact of budgeted resources. In FY 2014, GSA began construction of a new federal courthouse in Mobile, Alabama, addressing the Judiciary's number one construction priority.

Additionally, GSA makes significant repairs and alterations to existing federal buildings through its annual capital investment program. These projects range from fire and life safety system replacements to security upgrades and renovation projects that consolidate offices out of expensive leases and into federally owned facilities, allowing our partner federal agencies to save taxpayer money by assigning more people to less space.

In a constrained fiscal environment, GSA must be a responsible steward of taxpayer dollars by carefully weighing investment needs across a large federal real estate inventory. To identify the highest priorities, GSA assesses agency requirements and building infrastructure needs based on the following criteria:

- Mission urgency;
- Physical condition of the asset;
- Improving asset utilization and making better use of existing inventory;
- Project timing and execution;
- Return on investment;
- Avoidance of lease costs;
- Benefits of installing high-performance features, concentrating on energy conservation and renewable energy generation; and
- Historic significance.

## **GSA's process for delivering construction projects**

GSA's construction approach is focused on delivering major federal construction projects on time and on budget. GSA delivers its capital program through 11 regional offices, which manage construction and major repair projects across the country. These offices manage all design, construction and build out for GSA projects, and procure architect-engineer design and construction management services. By focusing project management at the local level, GSA achieves faster decision making and effective leadership from its project teams.

GSA's project management role begins with defining agency space requirements, and ends only after the facility is open to serve the public. GSA engages with leaders from the private sector architecture, engineering construction, and facility operations industries to implement innovative approaches to project management and execution. As GSA finalizes the design and prepares construction documents, the project team performs value engineering and verifies that the project is within budget. GSA works to monitor and control costs throughout the entire project.

Funding uncertainty remains a significant challenge for GSA. The Government Accountability Office noted that uncertainty in appropriations and limited access to the Federal Buildings Fund (GSA's source for capital expenditures) creates a serious challenge for the management of real property.<sup>1</sup> From Fiscal Year 2011 to 2013, GSA's new construction requests were cut by nearly 90 percent. These restraints stretch out construction schedules and result in increased project delivery costs. In Fiscal Years 2014 and 2015, Congress granted GSA access to a larger portion of the receipts in the Federal Buildings Fund, allowing the agency to begin addressing a significant backlog of repairs and new construction requirements. The Federal Buildings Fund is a quasi-revolving fund and was designed to allow GSA to spend at or above the anticipated level of collections. Failure to appropriate at the level of anticipated collections does not provide agencies with the space and services for which they pay a commercial equivalent rent.

## **Conclusion**

Thank you again for the opportunity to provide this testimony on GSA's construction and capital planning processes. GSA looks forward to working with you throughout the 114<sup>th</sup> Congress to improve federal construction management, deliver better real estate solutions and provide the best value for the American taxpayer.

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<sup>1</sup> See "Capital Financing: Alternative Approaches to Budgeting for Federal Real Property (GAO-14-239) and "Federal Buildings Fund: Improved Transparency and Long-Term Plan Needed to Clarify Capital Funding Priorities" (GAO-12-646).